

Message Text

SECRET

PAGE 01 HONG K 05430 01 OF 02 160629Z

13

ACTION EA-13

INFO OCT-01 SS-14 ISO-00 NSC-07 NSCE-00 EUR-10 CIAE-00

INR-10 NSAE-00 RSC-01 PM-03 DODE-00 L-02 EB-03 FAA-00

DOT-00 COME-00 FEA-01 DRC-01 SAM-01 SAJ-01 SP-01

OMB-01 CAB-01 PRS-01 /072 W
----- 038734

R 160345Z MAY 74

FM AMCONSUL HONG KONG

TO SECSTATE WASHDC 749

INFO AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

USLO PEKING

CINCPAC HONOLULU HI

S E C R E T SECTION 1 OF 2 HONG KONG 5430

LIMDIS

CINCPAC FOR POLAD

E.O. 11652: GDS

TAGS: PFOR CH JA

SUBJ: CHINA AND JAPAN

REF: A) TOKYO 5976; B) TAIPEI 2981

SUMMARY: BOTH THE PRC AND JAPAN PROMOTED FUNDAMENTAL INTERESTS BY THE CONCLUSION OF THE CIVIL AIR AGREEMENT. CONSIDERING THE CIRCUMSTANCES, THE ACCORD SEEMED TO REFLECT A CONSIDERABLE AMOUNT OF GIVE ON THE CHINESE SIDE ON THE QUESTION OF TAIWAN. THE CONCESSIONS GIVEN BY THE JAPANESE APPEAR TO HAVE REQUIRED MINIMUM CHANGE IN THE SUBSTANCE OF JAPAN-TAIWAN AIR COMMUNICATIONS. WE DO NOT FEEL THE AGREEMENT IT-
SECRET

SECRET

PAGE 02 HONG K 05430 01 OF 02 160629Z

SELF HEARLDS ANY NEW DIFFICULTIES FOR OUR DIPLOMATIC INTER-

ESTS. MOST IMPORTANT, THE NEW AIR ACCORD HAS OPENED UP PROSPECTS OF FURTHER SIGNIFICANT ADVANCES IN SINO-JAPANESE RELATIONS. NEGOTIATIONS ON A PEACE TREATY ARE LIKELY, TRADE IS BOOMING, AND PEKING IS CURRENTLY PROJECTING A POSITIVE IMAGE OF SINO-JAPANESE FRIENDSHIP. WHILE INTERESTED IN PARING AWAY THE GRC'S INTERNATIONAL POSITION, CHINA'S MAJOR POLICY GOAL VIS-A-VIS JAPAN IS THE ESTABLISHMENT OF A SOLID BASIS FOR A CO-OPERATIVE RELATIONSHIP IN ASIA. THIS GOAL IS CONSISTENT WITH OUR OWN INTERESTS. END SUMMARY.

1. IT IS A MOOT POINT WHETHER JAPAN CONCEDED TOO MUCH OR RECEIVED TOO LITTLE IN THE CIVIL AIR AGREEMENT WITH THE PRC (REF TEL A). THIS WAS THE FIRST SUCH AGREEMENT FOR THE PRC WITH ANY COUNTRY WHERE CAL (THE TAIWAN LINE) WAS OPERATING. PEKING NATURALLY SOUGHT AS MANY CONCESSIONS AS POSSIBLE AND IT WAS VIRTUALLY INEVITABLE THAT THE PRC WOULD DEMAND SOME CHANGES TO SIGNIFY ITS FLAG CARRIER'S OFFICIAL AND SUPERIOR STATUS COMPARED TO THAT OF THE AIRLINE FLYING FROM TAIWAN. JAPAN'S RELATIONS WITH TAIWAN ARE OF SPECIAL CONCERN TO PEKING, AND IN ADDITION THE CHINESE KNEW THAT THE AGREEMENT WITH TOKYO WOULD AFFECT SIMILAR NEGOTIATIONS IN THE FUTURE WITH OTHER COUNTRIES HAVING CIVIL AIR TIES TO TAIWAN.

2. BUT CONSIDERING CHINA'S IMPERATIVE TO OBTAIN SOME SYMBOLIC CONCESSIONS, THE OTHER ECONOMIC COUNTERS AT ITS DISPOSAL, THE DOMESTIC AND POLITICAL PRESSURES ON TANAKA TO DEMONSTRATE PROGRESS IN SINO-JAPANESE RELATIONS, AND THE TOUGH BARGAINING POSITION WITH WHICH PEKING BEGAN THE NEGOTIATIONS, THE ULTIMATE AGREEMENT SEEMS TO US TO REFLECT A GOODLY AMOUNT OF GIVE ON THE CHINESE SIDE. THE CONCESSIONS AGREED TO BY THE JAPANESE SEEM TO HAVE REQUIRED MINIMUM CHANGE IN THE SUBSTANCE OF JAPAN- TAIWAN AIR COMMUNICATIONS. THE PRC AGREED TO INITIATE OFFICIAL CIVIL AIR LINKS WITH JAPAN WHILE TAIWAN PLANES, STILL CARRYING THE "REBEL" GRC FLAG, CONTINUE TO FLY BACK AND FORTH, APPARENTLY WITH NO REDUCED FREQUENCY. GIVEN CURRENT DIPLOMATIC TRENDS, THIS SHOULD NOT BE CONSIDERED AN ONEROUS FORMULA FOR TAIPEI TO ACCEPT AS A PATTERN ELSEWHERE.

SECRET

SECRET

PAGE 03 HONG K 05430 01 OF 02 160629Z

3. IN ADDITION, THE REPORTED CHINESE COMMITMENT TO BEGIN NEGOTIATIONS ON A LONG-TERM OIL AGREEMENT WITH JAPAN WHICH ENVISAGES THE EXPORT OF ONE MILLION BARRELS PER DAY BY 1980 MAY HAVE BEEN A SIGNIFICANT FACTOR IN JAPAN'S DECISION TO PUSH AHEAD WITH THE CIVIL AIR NEGOTIATIONS. THE ECONOMIC LOSSES FOR JAL (CAUSED BY TAIPEI'S DECISION TO BREAK) WOULD SEEM TO BE RELATIVELY SMALL COMPARED TO JAPAN'S GROWING ECONOMIC STAKE IN CHINA. MOREOVER, AS EMBASSY TAIPEI

SUGGESTS, THE LOSS OF AIR TRAFFIC MAY PROVE TO BE TEMPORARY AS SOME PRACTICAL ARRANGEMENT IS FOUND FOR GETTING AROUND TAIPEI'S "FACE" PROBLEM (REFTEL B).

4. MOST IMPORTANTLY, THE AIR AGREEMENT HAS OPENED UP PROSPECTS OF FURTHER ADVANCES IN SINO-JAPANESE RELATIONS. PEKING IS IMPRESSIVELY UPBEAT IN ITS OUTLOOK ON SINO-JAPANESE AFFAIRS. CHINESE TREATMENT OF THE AIR AGREEMENT HAS IMPLIED THAT THE DOOR IS NOW OPEN FOR THE CONCLUSION OF A TREATY OF PEACE AND FRIENDSHIP AND ACCORDS ON FISHING, NAVIGATION AND OTHER MATTERS. BALLOONING TRADE STATISTICS ARE THE MOST DRAMATIC SIGN OF THE EXPANDING SINO-JAPANESE RELATIONSHIP. SO FAR THIS YEAR, TRADE HAS AGAIN BEEN RUNNING MORE THAN 50 PER CENT OVER THAT OF THE PREVIOUS YEAR.

SECRET

NNN

SECRET

PAGE 01 HONG K 05430 02 OF 02 160714Z

12
ACTION EA-13

INFO OCT-01 SS-14 ISO-00 NSC-07 NSCE-00 EUR-10 CIAE-00

INR-10 NSAE-00 RSC-01 PM-03 DODE-00 L-02 EB-03 FAA-00

DOE-00 COME-00 FEA-01 SAM-01 SAJ-01 SP-01 OMB-01

CAB-01 PRS-01 DRC-01 /072 W
----- 039252

R 160345Z MAY 74
FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 750
INFO AMEMBASSY LONDON
AMEMBASSY MOSCOW
AMEMBASSY PARIS
AMEMBASSY TAIPEI
AMEMBASSY TOKYO
USLO PEKING
CINCPAC HONOLULU HI

SECRET SECTION 2 OF 2 HONG KONG 5430

LIMDIS

CINCPAC FOR POLAD

5. WE ARE ALSO STRUCK BY THE BRIGHT PICTURE OF SINO-JAPANESE FRIENDSHIP CONVEYED IN PEKING MEDIA. JAPANESE DELEGATIONS OF ALL DESCRIPTION LINE UP DAILY OUTSIDE THE DOOR OF PEKING'S CHIEF JAPANESE-GREETER, LIAO CHENG-CHIH. TOUR SHIPS FILLED WITH HUNDREDS OF MIDDLE-CLASS JAPANESE TOURISTS AND STUDENTS HAVE BEEN WARMLY RECEIVED IN CHINESE CITIES AS "FRIENDSHIP" DELEGATIONS AND "SISTER CITY" BONDS ARE SPRINGING UP BETWEEN CHINESE AND JAPANESE TOWNS. ALTHOUGH THERE HAVE BEEN A FEW INTERPRETIVE PIECES IN THE PEKING PRESS ANALYZING THE "INHERENT WEAKNESS" IN THE JAPANESE ECONOMY FOSTERED BY AVARICIOUS "MONOPOLY -CAPITALISTS", AND SEVERAL WARNINGS HAVE BEEN ISSUED ABOUT THE STIRRING OF OLD MILITARIST GROUPS, JAPAN HAS BEEN A SMALLER TARGET OF
SECRET

SECRET

PAGE 02 HONG K 05430 02 OF 02 160714Z

DOCTRINAIRE PEKING PROPAGANDA THAN ANY OF THE OTHER MAJOR CAPITALIST COUNTRIES. THE REVIVAL OF OLD ATROCITY STORIES FEATURING JAPANESE AS WELL AS AMERICAN VILLAINS, MAY BE INTENDED TO PROVIDE SOME BALANCE IN THE PICTURE, BUT IT MAY ALSO BE A COUNTER-CURRENT ENCOURAGED BY GROUPS WHO ARE NOT ENTIRELY PLEASED WITH THE OFFICIAL LINE.

6. ON THE INTERNATIONAL SCENE, PEKING CONTINUES TO AVOID OPPOSING JAPAN'S VITAL TRADING INTERESTS IN ASIA AND ELSEWHERE. THIS WAS MOST RECENTLY REFLECTED AT THE UN SPECIAL SESSION WHERE CHINA REFRAINED FROM CRITICISM OF JAPAN AS AN INDUSTRIAL POWER EXPLOITING THE NATURAL RESOURCES OF THE THIRD WORLD. INDEED, BOTH JAPAN AND WESTERN EUROPE WERE PICTURED AS HAVING COMMON INTERESTS WITH THE DEVELOPING COUNTRIES AGAINST THE SUPERPOWERS. CHOU EN-LAI IN A RECENT INTERVIEW WITH AN LDP DIET MEMBER (KAWASKAI) ALSO TOOK A BENIGN ATTITUDE ON THE QUESTION, REFERRING TO THE HOPE OF SOUTHEAST ASIAN NATIONS FOR "CO-OPERATION AND RESTRIANT" FROM JAPAN.

7 PEKING'S OBJECTIVE IS TO MAINTAIN THE MOMENTUM OF SINO-JAPANESE RELATIONS NOT ONLY TO ACHIEVE EQUALITY OF STATUS WITH THE SOVIETS, BUT TO ESTABLISH A CLOSER, EVEN SPECIAL RELATIONSHIP ON THE ECONOMIC, CULTURAL AND POLITICAL PLANES. CHOU-- AND APPARENTLY MAO -- SEEM TO ATTACH GREAT IMPORTANCE TO BUILDING A SOLID BASIS FOR A CO-OPERATIVE SINO-JAPANESE RELATIONSHIP IN ASIA, WHICH WOULD WEAKEN THE POTENTIAL FOR SOVIET INFLUENCE; MAINTAIN JAPAN'S NON-INTERVENTIONIST COURSE IN FOREIGN AFFAIRS; PRECLUDE A CLASH WITH CHINA'S INTERESTS; AND ALLOW CHINA TO BENEFIT FROM THE COMPATIBILITY OF THE TWO ECONOMIES. PEKING, OF COURSE, IS ALSO INTERESTED IN PARING AWAY THE GRC'S REMAINING INTERNATIONAL POSITION. HOWEVER, THE POSITIVE TASK OF CEMENTING PEKING- TOKYO TIES AND ENHANCING JAPAN'S STAKE IN GOOD RELATIONS WITH CHINA IS CURRENTLY THE

PRC'S MAJOR POLICY GOAL VIS-A-VIS JAPAN.

8. IN LIGHT OF THE ABOVE ANALYSIS WE DO NOT FEEL THE AIR AGREEMENT ITSELF HERALDS ANY NEW DIFFICULTIES FOR OUR DIPLOMATIC INTERESTS, BECAUSE AN OPTION STILL EXISTS WHEREBY THE GRC CAN RETAIN ITS AIR LINKS TO NON-COMMUNIST ASIA. IF TAIPEI PERSISTS IN ITS HARD LINE AND REFUSES TO
SECRET

SECRET

PAGE 03 HONG K 05430 02 OF 02 160714Z

ACCEPT SOMETHING LIKE TO TOKYO FORMULA IN OTHER AREAS, IT S INTERNATIONAL AIR LINKS WILL INDEED SHRINK, BUT THIS WILL BE ITS OWN RESPONSIBILITY. ON A BROADER FRONT, WE DO NOT SEE SINO-JAPANESE CO-OPERATION WORKING AGAINST U.S. INTERESTS. WE SHOULD WELCOME THE ADVANCE OF SINO-JAPANESE RELATIONS AS IT STRENGTHENS BOTH JAPAN AND CHINA IN THEIR DEALINGS WITH THE SOVIET UNION, INCREASING CHINA'S INTEREST IN THE STABILIZATION OF THE KOREAN PENINSULA, ENCOURAGES COMPROMISE SOLUTIONS OF CONTINENTAL SHELF QUESTIONS IN THE AREA, AND PROVIDES A NON-HOSTILE FRAMEWORK FOR THE INTERPLAY OF CHINESE AND JAPANESE INFLUENCE IN SOUTHEAST ASIA.
CROSS

SECRET

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, PETROLEUM, EXPORTS, FOREIGN RELATIONS, TOURISM, AVIATION AGREEMENTS, CENTRAL LEGISLATURE, FOREIGN POLICY POSITION
Control Number: n/a
Copy: SINGLE
Draft Date: 16 MAY 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974HONGK05430
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740120-0891
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740543/aaaablze.tel
Line Count: 248
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: SECRET
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators:
Previous Classification: SECRET
Previous Handling Restrictions: LIMDIS
Reference: A) TOKYO 5976: B) TAIPEI 2981
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 23 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <23 APR 2002 by kelleyw0>; APPROVED <21 FEB 2003 by GarlanWA>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CHINA AND JAPAN
TAGS: PFOR, CH, JA, TW
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005